



Customer Satisfaction

IMPROVING QUALITY AND ACCESS TO SERVICES
AND SUPPORTS IN VULNERABLE NEIGHBORHOODS

Center
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Social
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TABLE OF CONTENTS

I. Introduction	7
II. What will a Customer Satisfaction Framework Offer	9
A. A Hypothetical Example — Application to Public Human Services	9
B. A Hypothetical Example of an Engaged and Informed Resident Consumer Strategy	11
C. Potential Results	12
III. Building on Principles and Strategies from the Business World	13
A. Why Customer Satisfaction is Important in the Business World	13
B. Major Customer Service Themes from the Business Sector	14
C. Applying Business Principles and Strategies to the Public and Nonprofit Sector: Potential Opportunities and Challenges	14
D. Applying Business Principles and Strategies to Vulnerable Neighborhoods: Potential Opportunities and Challenges	17
IV. Proposed Framework for Improving the Quality of Goods and Services	20
A. Overview	20
B. Framework Components	20
V. Applying Customer Satisfaction in Vulnerable Neighborhoods: Three Entry Points	28
A. Customer Satisfaction or Consumer Report Card	28
B. Customer Satisfaction Approach within the Public Service Sector	29
C. A Resident-Driven Customer Satisfaction Campaign	30
VI. Customer Satisfaction Tools and Strategies	31
Conclusion	33
Endnotes	35

I INTRODUCTION

Customer satisfaction drives successful private sector businesses. High-performing businesses have developed principles and strategies for achieving customer satisfaction. This paper presents a framework or set of ideas for using customer satisfaction principles and strategies to improve the quality, responsiveness, and accessibility of public sector and privately provided services in vulnerable communities. The framework suggested that residents who live in tough neighborhoods can be supported through customer satisfaction strategies to become empowered individuals whose informed perspectives influence decisions about what, how, when and where services are available to them.

What is Customer Satisfaction?

Research has identified a core set of attributes and actions of successful customer service organizations within the market economy. Regardless of whether these organizations provide goods or services, they recognize that satisfied customers are the key to their success. They focus on achieving 100 percent customer satisfaction and embed this priority throughout the organization from top to bottom with a solid framework of policies, practices and information.

Achieving high levels of customer satisfaction requires that organizations continually monitor and examine the experiences, opinions, and suggestions of their customers and people who are potential customers. Improving service quality to meet customers' standards is an ongoing part of doing business. In this way, customers drive the market and the organization.

At the same time that organizations act to attract and satisfy customers, the customers themselves exercise ultimate influence. Their satisfaction depends on both their expectations and their treatment. Through their choices, customers decide which organizations survive and thrive, determine what goods and services are available, and shape how they are provided. In addition to using their purchasing power, informed consumers can shape the marketplace by communicating their preferences and standards to organizations that are poised to listen and respond.

Contents of This Paper

For both service providers and consumers, making customer satisfaction a priority involves a fundamental shift in thinking, organizing and acting. The customer satisfaction framework proposed in this paper explores the potential of a customer satisfaction orientation as a means for improving the goods and services, including those provided by the public sector, available to residents of tough neighborhoods. This paper describes the ideas and research underlying the framework and potential strategies for moving from concepts to action.

- Part II of this paper describes the vision of the customer satisfaction framework for improving quality services in vulnerable neighborhoods and the public and private agencies and organizations that serve them. Hypothetical examples illustrate the impact that a customer satisfaction focus might have on delivery of public services, private sector provision of goods and services, and neighborhood residents who are informed and empowered consumers.
- Part III examines the goals, principles and strategies of customer satisfaction in the business world. It then explores the complex issues that must be considered as customer satisfaction approaches are applied to the public sector and to vulnerable communities.
- Part IV translates the concepts of customer satisfaction into options for local infrastructure and actions. Three primary mechanisms are suggested along with strategies for implementation.
- Part V presents three entry points for putting this framework into action in vulnerable neighborhoods. The options are intended to that we believe will allow neighborhoods to leverage broad improvements in service quality and access to needed goods and assistance.
- Part VI provides examples of a few well-tested strategies and tools that can enable local residents and organizations to make the challenging shift to a customer satisfaction approach for goods, services and consumers.

II WHAT WILL A CUSTOMER SATISFACTION FRAMEWORK OFFER

The principles and impact of customer satisfaction are clear in the private sector marketplace. Building on the research and strategies of private, customer-oriented organizations, these ideas will generate more understanding about how customer satisfaction principles can apply in vulnerable neighborhoods. Although there are challenges to applying private sector strategies to arenas where market forces are largely absent or skewed, the research suggest that customer satisfaction principles have considerable potential to transform vulnerable neighborhoods and both the public and private organizations that serve them.

The logic of this framework suggests taking simple steps to apply effective customer service strategies. Instead of directly transferring all business sector approaches, it explores how these strategies can be adapted to be meaningful and effective in the public sector and in vulnerable neighborhoods. These actions aim to contribute to a different relationship between the consumer and service organizations. The ideas and approaches could make a fundamental difference in:

- how public agencies, as well as businesses, view and work with the individuals who use their services;
- how providers of goods and services regard and interact with the residents of vulnerable neighborhoods; and
- how consumers behave when they are informed and empowered.

A. A Hypothetical Example — Application to Public Human Services

Consider the following scenario. A customer has just completed a transaction in a local service center. The merchant kindly asks the customer if he would be willing to participate in a brief customer satisfaction survey about the quality of service that was just received. The customer agrees, and the merchant produces the following one page questionnaire.

Dear Customer,

In an effort to continually improve the quality of the service we provide we depend on feedback from our valued customers. Please take a moment to evaluate our performance.

RATINGS: 4 = Excellent 3 = Good 2 = Fair 1 = Poor

- | | |
|---|--|
| <input type="checkbox"/> Ease of access to help you requested | <input type="checkbox"/> Overall handling of your case |
| <input type="checkbox"/> Timeliness of service delivery or problem resolution | <input type="checkbox"/> Satisfaction with the final service or resolution today |
| <input type="checkbox"/> Effectiveness of solution/information | <input type="checkbox"/> Overall quality of service received |
| <input type="checkbox"/> Courteous service | |

Please help us improve our service by providing comments about how we may better serve your needs in the future: _____

Thank you from your friends in the Division of Economic Support.

A similar scenario is played out daily in service centers, hotels and automobile showrooms. However, the above survey is designed to capture the feedback of a customer who recently visited a public agency—the Department of Human Services’ neighborhood employment center. The “merchant” in this case is the director of the Division of Economic Support who has agreed to incorporate the customer satisfaction survey as a division priority and ascertain customer’s responses about access, quality and the efficacy of services being delivered to division customers. Survey results are compiled and routinely posted for all divisions of the Department. Annual reviews for division directors and all staff are influenced by the rate of improvement in their customers’ survey responses and other research about customers’ overall satisfaction with services they received.

Imagine also that this Department of Human Services effort to collect customer feedback is part of a much larger endeavor organized by a local consumer advocacy group—a group of local residents engaged in a campaign to improve the quality of services and supports available in their neighborhood. Some neighborhood merchants and service providers are visited by secret shoppers—residents trained to examine and assess customer services and satisfaction. Local businesses and service organizations are rated for quality service improvements. Consumer focus groups examine the quality of certain goods and services, identify what qualities residents would like to see, and explore

the behaviors and attitudes of local shoppers and service users. Customer satisfaction research findings and consumer ratings of the Department, local banks, grocery stores, child care and elder care centers, schools, and other neighborhood services are publicly reported in the neighborhood's consumer guide and the local newspaper. Private reports are forwarded to the parent organization, stockholders, and executive offices of organizations operating in the community.

B. A Hypothetical Example of an Engaged and Informed Resident Consumer Strategy

A group of residents from a persistently vulnerable neighborhood organize themselves to bring collective attention to a series of deteriorating circumstances in their community. Early on in their formation, comprehensive community surveys reveal residents' discontent with community outcomes related to education and economic opportunities. Residents are specific about their concerns with the growing gang presence, limited job opportunities for youth, the deteriorating quality of the local grocery stores, and limited/ or lacking access to day care services that make stable employment difficult.

Through structured learning opportunities, the resident-led board begins to study other neighborhoods in their county that are fairing much better in these areas. Members attend education forums that link poor community outcomes to a lack of local services and supports. They become convinced by the growing research and knowledge (from brain studies) that underscores predictability between successful school graduation, positive young adult behavior, and overall community outcomes to quality early care, including prenatal services and supports, nutrition, and other predictors of family and community health. The residents are alarmed when they learn that plans for future prison beds are often linked to third grade reading scores.

During a community meeting board, members report that the successful outcomes they seek are highly related to the availability of a comprehensive array of quality family services and community supports; and if they are going to change these outcomes they need to hold service providers and deliverers accountable. With funding from a community foundation, the resident board hires a community organizer to help them conduct a comparative analysis of the services that are available in their community to communities that are realizing the outcomes they also seek. With this information, the resident board decides to launch a resident/consumer campaign to improve local service access and quality. They decide to:

1. Educate local residents about those goods, services and supports that are essential to improving the quality of life in the neighborhood and giving children and families a fairer shake at better opportunities;
2. Conduct a community assessment to audit the complement of services that exist in their community;

3. Educate residents about minimum quality standards that are necessary for this set of goods, services and supports to be effective and able to make the impact residents wanted and needed;
4. Develop a community report card that regularly collects and reports information about residents' experiences with service quality, resident/consumer satisfaction, and service effectiveness; and,
5. Begin community dialogues with residents, local service providers, civic groups, government agencies and politicians to share resident feedback and discuss ways to improve overall service quality and access.

C. Potential Results

These customer satisfaction ideas have considerable power. Organizations and neighborhoods that focus on customer service and implement specific customer satisfaction strategies are likely to see the following tangible results:

- **Better informed resident-consumers** with knowledge of the services and products that are available within their communities and of their neighbors' opinions about those goods, services and supports.
- **Improved quality of available resources**—increased number of families that report satisfaction with services as measured by effectiveness, responsiveness and trustworthiness of service-providing agencies, organizations, and institutions.
- **Greater access to an appropriate array of services**—increased availability, accessibility, affordability of consumer goods and services that meet neighborhood needs as determined by residents.

III

BUILDING ON PRINCIPLES AND STRATEGIES FROM THE BUSINESS WORLD

The private sector offers perspectives on customer satisfaction that can help public agencies and the full range of organizations that operate in tough communities boost their effectiveness. The business world also provides valuable lessons for resident consumers who lack a voice and influence in their neighborhood marketplace.

At the same time, the dynamics and forces at work are dramatically different. To build successfully on the principles and strategies of the business world, both similarities and differences must be acknowledged and explored.

A. Why Customer Satisfaction is Important in the Business World

Market-oriented industries and organizations live and die with the satisfaction of their customers and thus view customer satisfaction as their life line. In these industries, extensive efforts are made to gauge customer expectations and reactions to services in a continuous effort to improve, build and expand market share. If their customers are unhappy, industries know they are unlikely to survive. If their customers are happy, the use of their products and services and the likelihood of greater profits increase.

The Ritz-Carlton, which has a 100 percent customer satisfaction mission, is credited with leading a transformation of the hotel industry. The company is the only two-time recipient of the prestigious Malcolm Baldrige National Quality Award in the service category. Upon winning the second Award, the company reported that dedication to customer satisfaction was reflected in financial performance—with its pre-tax return on investment doubling in four years and its industry market share exceeding the average by 300 percent.¹

Marketing experts maintain that satisfied customers are critical to profitability because they:

- Stay with the company longer as repeat customers,
- Deepen their relationship with the company,
- Demonstrate less price sensitivity, and
- Recommend the company's products or services to others.²

According to some, customer satisfaction is more important in the current marketplace than ever before. In the past, businesses relied on technology and product innovation for competitive advantage. With global competition, relentless technological advances, and over-consolidated, standardized chains, companies now battle for differentiation through customer service. “Big business attitude must give way to a small business mentality where front-line associates treat customers with dignity.”³

B. Major Customer Service Themes from the Business Sector

Our background research about businesses and organizations that are known for their approach to customer satisfaction highlights four primary themes:

- 1. Customer mission and reinforcement.** Outstanding customer service organizations begin with a simple premise (e.g., complete customer satisfaction) and design everything else with that mission in mind. A customer-centered organization requires a strong sense of mission and constant reinforcement of the starting premise.
- 2. Customer-oriented culture.** Creating and instilling a “culture” of customer service is the hallmark of a successful organization in a market-driven approach. This culture includes both management and frontline employees and involves a host of management and organizational processes such as staff selection and training, teaming and other structures, customer satisfaction measurement, and accountability feedback loops.
- 3. Employee Empowerment.** The most successful customer service companies, and the ones that are held as best practice examples, do an excellent job of ensuring that their frontline employees’ top priority is to satisfy customers. Employees at these companies go to great lengths to fulfill customer wants and needs, routinely going “above-and-beyond” the minimum industry standard of service.
- 4. Total customer experience.** Successful companies do not concentrate only on basic service. The purview of their mission is broadened to the customer’s entire experience with the company. For example, in the retail industry, attention to lighting, music, and store layout are all critical components toward a customer’s total experience, which translates into greater customer satisfaction.

C. Applying Business Principles and Strategies to the Public and Nonprofit Sector: Potential Opportunities and Challenges

Perhaps the fundamental challenge for customer satisfaction in the public and nonprofit sector is motivation and incentives. Obviously, profits and market share do not motivate public organizations to satisfy their customers. The dynamics and forces at work are more complicated and subtle than in the profit-driven business world. These dynamics contribute to a range of implementation challenges.

Who Are the Customers?

Thinking in terms of public agency “customers” is a relatively recent phenomenon, so perhaps it is not surprising that there is much confusion about who the customers are.

Osborne and Plastrik maintain that the “primary customer is the individual or group” the organization’s work is “primarily designed to help”—often the public at large. For example, they consider students and their parents to be the primary school customers. Public agencies also may have secondary customers—groups that benefit from the work, but less directly than primary customers. For schools, these may be employers who will eventually hire graduates and the community at large. In addition, there are many stakeholders who have an interest in the public organization’s performance but are not customers. These may include suppliers of textbooks and school supplies, teachers and their professional organizations, other school employees, private tutors, businesses that construct and repair schools, and many others.⁴

To improve customer satisfaction, public sector organizations must first clearly identify their primary customers. They also may need to consider the role and impact of secondary customers and stakeholders, since these groups have considerable influence within the public domain. To obtain their cooperation, these groups may need to be convinced that they too will benefit, which may require special incentives or sanctions.

Why is Customer Satisfaction Important in the Public Sector?

The absence of a profit motive does not mean that customer satisfaction is unimportant in the public and non-profit world. Canadian researchers found that service satisfaction is a strong driver of citizen trust and confidence in public institutions. In addition, they documented a relationship between customer/client satisfaction and engaged public employees (Figure 1). The satisfaction of public sector customers/clients both improved employee engagement and was improved by it.⁵

Figure 1.



This synergy of customer satisfaction and employee engagement has enormous implications for the performance of public agencies and the public workforce: a discreet motivation for good performance—perhaps a stronger incentive than an aim to satisfy the more vaguely defined “general public”. Many human services providers are motivated by their desire to help others; succeeding at this task (and having clear evidence that they have satisfied their “customers”) can help keep them motivated and engaged.

Within any customer service organization—private or public—a focus on customer satisfaction is essential to creating the proper attitude and orientation. Management consultant F. John Reh maintains that “Unless an organization is prepared to guarantee that its customers will be satisfied, that organization will not put the policies and procedures in place, will not empower the employees, will not reinforce the enabling behaviors needed to make its customer the number one priority as it should.”⁶

With public trust and confidence in government plunging, customer satisfaction may be increasingly important. The U.K. and other European countries are trying to use customer satisfaction measures to drive government transformation. All residents use public services of some type and have an opportunity to directly experience the effects of widespread customer satisfaction efforts.

Legal Mandates versus Market Forces

Public agencies are driven primarily by missions and mandates defined by elected officials, legislative mandates and the courts—not profit margins or the demands of the marketplace. Although their missions are about delivering services, their success often is not measured by quality or whether the services are accessible, affordable, responsive, effective or well-received.

Missions and mandates may not be aligned with individual customers’ needs, goals and demand for services. For public organizations, accountability to elected officials is likely to take priority over customer satisfaction.

Workers, agencies and public service systems must have some amount of flexibility to satisfy customers. To re-direct the public sector toward customer satisfaction, officials and administrators may need to balance mandated responsibilities with flexibility to respond to customer demands and meet the priorities of individual customers.

Public Financing versus Market Economy

Like public mandates, public financing is not necessarily aligned with customer satisfaction. The survival and growth of public agencies and many nonprofits depend directly on the appropriation of tax revenue determined by elected officials at the federal, state and local levels. Financing structures may provide perverse incentives for customer satisfaction efforts. For example, funding for many programs is determined by caseload or by fiscal efficiency measures that may not be aligned with customer service standards.

In addition, even in the business sector, many experts cite the inherent tension between customer satisfaction and budgetary control. Improved customer satisfaction may come with a price tag. In the business world, these costs can be justified if companies see corresponding increases in their profits. Public and nonprofit organizations must develop other motivations for investing in customer satisfaction.

Service Monopolies

The absence of competition and choice in the public sector impacts customer service and satisfaction. Many jurisdictions have borrowed from the business sector to provide customer choice among competing public service providers or to allow private industries to compete with public agencies. Although charter schools may be the most common example, governments also provide choice with low income health care plans, child care vouchers, and other programs.⁷

D. Applying Business Principles and Strategies to Vulnerable Neighborhoods: Potential Opportunities and Challenges

Residents of vulnerable neighborhoods face many challenges to satisfactory services from both the public and the private sectors. Residents often lack access to the goods and services they need, and/or they may receive substandard treatment and products. Although every neighborhood is unique, many low-income communities lack high quality schools, health care treatment and facilities, banking services, transportation, parks and recreation facilities, grocery stores, and many other quality goods and services that residents of other neighborhoods take for granted.

Like public sector organizations, vulnerable neighborhoods may lack the same motivation and incentives for high quality service that prevail in the business world. In addition, residents are likely to face disadvantages due to lack of information, low expectations, and lack of political and economic power.

At the same time, many of the factors that contribute to poor customer service are not unique to tough neighborhoods. By applying customer satisfaction principles and strategies in these neighborhoods, the intent is to gain insight and understanding that can be applied to improve customer service and customer satisfaction in all neighborhoods.

Lack of Competitive Quality

In most markets, providers/producers are motivated to deliver a “good product” because their market share and profits drop if they do not. Unfortunately, residents in tough neighborhoods typically are not viewed as the influential customers that drive markets elsewhere. Like public agencies, suppliers of goods and services in poorer neighborhoods often have monopolies. They do not experience market pressure to improve service quality if residents do not have access to competitive providers of higher quality goods and services.

However, research indicates that vulnerable communities can have economic clout. In fact, large sums of money change hands daily in poorer communities. Residents provide a steady financial stream to the local economy, but often have little impact in shaping the quality of goods and services they receive.⁸ There are a growing number

of examples of local strategies that are attempting to target the opportunities and largely hidden resources in low-income communities. In these cases, the data suggest that the poor pay more for cars, car loans, insurance, groceries, check cashing, loans, utility services, gas, and real estate taxes.⁹

Lack of Neighborhood Ownership

Another factor that may influence the quality of local customer service is lack of resident ownership. Like the over-consolidation and global ownership that customer service experts now bemoan throughout the business sector, goods and services in vulnerable neighborhoods often are provided by organizations owned and operated by non-residents. Because “accountability to owners trumps accountability to customers,” local operators of outside-owned businesses may feel little pressure to improve service quality.¹⁰ Owners, shareholders, and employees may have a personal stake in improving the quality of life in the neighborhood, where they do not live.

In some places, ownership by outsiders who do not have a personal stake in the neighborhood is part of an insidious cycle. Poor schools may fail to provide residents with the skills they need to operate successful businesses. Predatory lending practices and lack of savings are barriers for residents interested in starting competitive businesses. The bar for customer satisfaction and high quality goods and services remains low unless residents gain capacity to influence providers and producers. The San Diego, California Market Creek Plaza initiative sponsored by the Jacobs Center for Neighborhood Innovation (JCNI) is an example of an effort to reinvest profits from the initiative’s grocery store, local restaurants and retail rental space back into the neighborhood in order to build both individual and collective assets. Jennifer Vanica, President of JCNI, speaking about the new and pioneering ways to support community goals, acknowledged: *“We asked ourselves, how do people make change? How is it best sustained? People need to own the change process –own the actions, own the implementation, then own the assets.”*¹¹

Customer Information and Expectations

Business sector research documents a strong relationship between customer satisfaction and customers’ expectations. Customers are satisfied or dissatisfied when their expectations are met or not met. If residents of vulnerable communities have limited expectations for quality customer service, they may experience less disappointment with the treatment and products they receive. At the same time, the providers of neighborhood goods and services are not motivated to improve the quality of their customer service. The bar for customer satisfaction is low in part because expectations of and demands for customer service are low.

With adequate information, encouragement and mechanisms for assessing the services they receive, customers’ expectations and demands can change. Residents need to be prepared to be consumers through exposure to information and experiences that will

increase their awareness of what constitutes quality services. For example, parents need information about the characteristics of quality child care to determine whether local care is effective, available, appropriate, and meets the needs of their children and families.

If businesses and service providers do not ask customers the important questions, customers can ask themselves and share the information with other consumers:

- Are they satisfied with the goods/services they received?
- Did they get what they wanted?
- Was the service helpful?
- Was it delivered in a respectful way?
- How can services be improved?

Residents' Perceived Lack of Economic Power

In the eyes of service providers and in their own eyes, residents in vulnerable neighborhoods may not have the ability to bring about consequences for poor services. Businesses and service organizations are not likely to take local needs and desires seriously unless residents recognize and use their potential as purchasers, service users, and consumer advocates.

Well-informed consumers are better equipped to influence service quality and outcomes. They can learn to compare products and services, to document and monitor customer service and satisfaction, and to request or demand higher quality. For example, if residents assess customer satisfaction with the child care choices available in the community and find that enough child care slots of the quality they desire are lacking, they can act as a positive influence on the local child care market. Working together and armed with information about local satisfaction and needs, parents have more clout to negotiate with individual, nonprofit and corporate child care providers, as well as public funders, for higher quality services that meet local needs.

To transform themselves into an economically powerful force, residents must act collectively. Together, they can use their knowledge and purchasing power to influence both public and private service providers. Together, residents also will have more negotiating and advocacy capacity with public officials and the agencies they oversee.

IV PROPOSED FRAMEWORK FOR IMPROVING THE QUALITY OF GOODS AND SERVICES

A. Overview

Despite public-private differences and challenges, a lot can be done to improve customer satisfaction in public agencies and vulnerable neighborhoods. The framework acknowledges and seeks to build on the dynamics that influence market-driven organizations. At the same time, it recognizes that simply transferring strategies from the business world will not work. The aim is to apply the principles and strategies of the business sector in ways that make sense within the dynamic environments of tough neighborhoods and public agencies that serve their residents.

The conceptual framework constructed for this work, is a framework for action. It is based upon a premise that communities can work in partnership with public agency leaders and staff, and neighborhood consumer advocacy organizations to improve access and quality to goods and services. This approach proposes some new strategies and actions, exploring new structures and mechanisms that will help to:

- Prepare residents and families to be wise consumers through exposure to information and experiences that will increase their awareness about the characteristics of quality services, their expectations as service consumers, and their ongoing level of satisfaction;
- Transform residents and “clients” into consumers who have the ability to influence the quality of services and to increase their own customer satisfaction through incentives, sanctions, and new capacities;
- Institutionalize these efforts as an ongoing system of accountability in which residents will use their collective influence for continuous improvement of services.

B. Framework Components

The proposed Customer Satisfaction Framework (Figure 2) includes three interlocking components that are designed to tap resident participation, educate residents about quality, create a local advocacy voice, and engage service agencies to become more customer focused. Information about the activities and outcomes produced by these components are routinely reported to residents, local political leaders and funders who care about making quality service improvements.

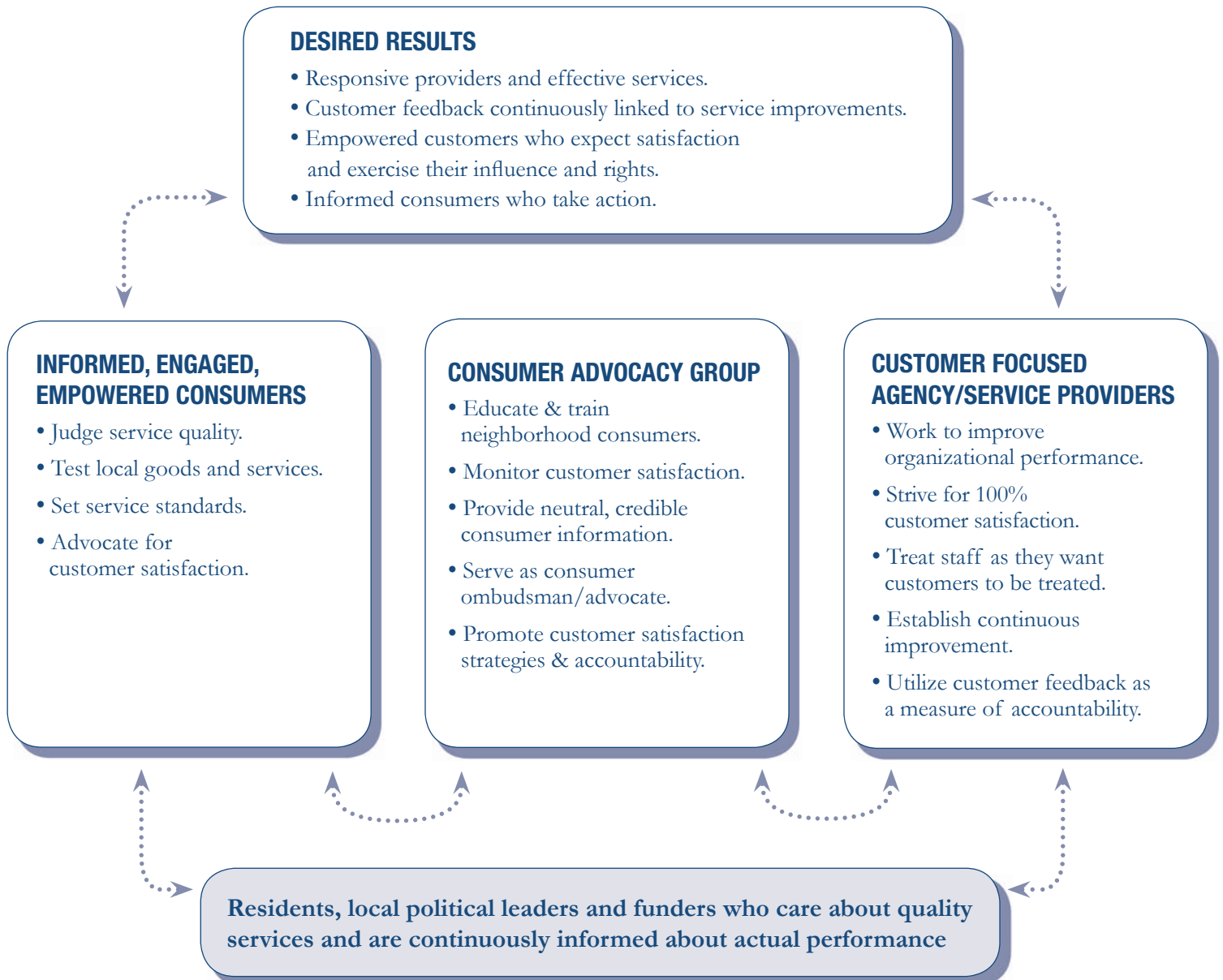
1. Engaged and Empowered Consumers

Service consumers who are engaged, informed and empowered are the cornerstone of an effective customer satisfaction system. To judge the quality of goods and services,

Figure 2.

THE FRAMEWORK

Using Customer Satisfaction To Improve Quality and Access to Goods, Services and Supports In Vulnerable Neighborhoods



a consumer needs to develop informed expectations. An empowered consumer knows that he/she has recourse if not satisfied and uses that power.

In vulnerable neighborhoods where consumers are not used to being engaged or valued, they first may need to learn what good service is. They also may need to disentangle their feelings about what they currently perceive as a “good service” (because that’s all they’ve experienced) from a service that meets research-based or generally accepted standards of effectiveness. Only when residents have informed expectations can they become empowered consumers whose feedback will in fact help to improve the quality of goods and services rendered.

Roles

Informed, engaged and empowered residents serve as powerful forces in the neighborhood marketplace. In this capacity, they operate as:

- **Skilled judges of service quality.** Residents are able to assess goods, services and supports against their own well-informed expectations and customer satisfaction measures.
- **Testers of local goods and services.** Consumers provide valuable feedback to the neighborhood as a whole, to local consumer advocacy groups, and/or directly to service producers and providers.
- **Standards setters.** Well-informed resident-consumers establish standards for service quality and effectiveness. They identify and set targets for service improvement. As a group, they are able to prioritize the changes that are needed in neighborhood services.
- **Advocates for customer satisfaction.** Empowered residents promote quality services and customer satisfaction by working to ensure that changes are accomplished. As their understanding of market forces and public decision making becomes more sophisticated, they are able to influence customer service within both the public and private arenas.

Possible Mechanisms

Specific mechanisms can help residents realize their capacity as engaged and empowered consumers. Information, consumer education, and training build residents’ consumer literacy and power.

- **Information.** To be effective consumers, residents need information about the characteristics and components of high quality goods and services, including standards of goods/services prevalent in the general marketplace and legal mandates and missions of public service providers. Residents also need information about the goods and services available in their neighborhood and how they compare to the standards. Ongoing,

accessible information about customer service and satisfaction within the neighborhood allows residents to monitor quality and improvements.

- **Consumer education.** Effective consumer education helps residents understand their roles, rights and responsibilities as empowered consumers. It provides information about their rights to fair treatment, to accurate information about goods and services, and to timely and accessible services. Consumer education also informs residents about their right to complain about poor quality goods and services, the treatment to which they are entitled, and legal recourse available for poor or inaccessible services. Most of all, consumer education prepares and challenges residents to exercise their power as customers and citizens.
- **Training.** Residents are likely to need specific training to put useful consumer strategies into action. Information about the marketplace, public decision making processes and about their roles as consumers is made practical by hands-on training. For example, training may help residents learn how to assess goods and services, how to complain effectively, how to set customer service standards, how to provide incentives and sanctions for providers, and how to seek legal recourse for poor or unfair treatment.

2. Consumer Advocacy Group

As residents are armed with new information, appreciate the depth of their influence, and are empowered to use it, they need a vehicle to link this new capacity with the institutions that have the power to change goods and services. A local consumer advocacy group is a mediating structure that will work with residents to design a local customer satisfaction strategy, negotiate with local merchants and service providers, and serve as the vehicle for mutual communication and accountability.

As a medium for engaging, mobilizing and organizing consumers, the advocacy group will be a community-based entity that is either time-limited or longer term. It will provide the community process or infrastructure necessary to ensure that a customer-oriented accountability process is promoted, supported, and sustained.

Roles

The consumer advocacy group will serve both residents and neighborhood service providers as a communication bridge and neutral resource for improving customer satisfaction. Possible functions of the group include:

- **Neighborhood consumer educator/trainer.** The consumer advocacy group will engage, train and prepare residents to be empowered consumers. The group may become a resource for comprehensive consumer education, including information about quality service standards.

- **Customer satisfaction monitor.** The group will monitor, analyze, and publicize residents' satisfaction with local goods and services. Results from customer satisfaction and quality improvement campaigns will be published publicly for all service providers and residents.
- **Neutral and credible source of consumer information.** The group can serve as an information source for both residents and providers. To residents, the advocate presents sound information about quality service standards and the efforts of neighborhood agencies and organizations to improve customer service. To businesses, agencies and other service providers, the group communicates levels of resident satisfaction—the needs, concerns and behaviors of local consumers.
- **Consumer ombudsman and advocate.** As its credibility and expertise grows, the group may be able to help resolve consumer complaints and negotiate solutions to local customer service problems. The advocate may advise local organizations as they work to develop better customer service strategies. By promoting customer service and satisfaction, the organization can become a key community advocate.
- **Promoter of customer satisfaction strategies and accountability.** As it promotes continuous improvement, the group contributes to effective service accountability systems. The consumer advocate ultimately can help improve the quality and impact of services and supports available to the neighborhood.

Possible Vehicles

Communities can identify a consumer advocacy group within the local organizational infrastructure to assume responsibility for instilling a customer satisfaction approach. A number of entities may be positioned to take the leadership role in promoting and instilling a culture of greater customer accountability. The choice will depend in part on the area and scope of service that residents most want to improve. Some possibilities include:

- **Established social networks**, such as community service organizations, or other affinity groups that are connected by a set of social relationships, such as friendship, co-working, or information exchange,¹² like a group of parents who have developed a relationship because they utilize the same day care program;
- **Single issue neighborhood collaboratives** that focus on a specific issue or area of service most important to them, such as early childhood care and education, well-being of elders, economic development, or others;
- **General, community-wide, decision-making entities** that target a broad array of outcomes, such as local planning councils, community partnership,

local management boards, community development corporations, or local United Way boards;

- **Partners who organize specifically for the purpose of gauging customer satisfaction** about essential services and supports. This might resemble a local consumer's union or consumer ombudsman.

3. Customer-Focused Agencies/Service Providers

The final element of the suggested framework involves the organizations that provide goods and services in a community adopting a customer satisfaction orientation. These organizations commit to adopting a customer-centric approach that values customers' input, reflections and recommendations about what would improve service access and quality. They collect and utilize customer feedback to improve the quality of their services, and they continually re-examine and improve their operations in response to information from customers.

Whether public agencies, nonprofit service providers, or businesses, these organizations will become advocates of a consumer oriented approach and for the purpose of this framework are linked to local resident consumers for this purpose. They recognize customer satisfaction as a powerful tool that can help them achieve goals related to quality service improvements, rather than as an incidental by-product of services or, worse, as an irrelevant consideration.

Roles

Customer-focused service organizations can fill many roles within the community. The goal is to strengthen their own performance and improve residents' experiences and well-being.

- **Performance-driven organizations.** Customer-focused businesses or service organizations work to improve their bottom-line—whether market share, profits, or mandated performance measures. They recognize that their performance is tied to customer satisfaction and strive to improve service quality.
- **Customer satisfaction agents.** Organizational commitment to customer satisfaction is evident from top-to-bottom, day in and day out. Leaders clearly communicate the priority, put organizational policies in place, and elevate customer satisfaction to the forefront of organizational practices. The business or agency develops a range of operational strategies to improve customer service.
- **Staff supporters.** The customer-focused organization understands that skilled, respected, and empowered employees are key to customer service. The organization treats staff as they want customers to be treated.

- **Continuous improvement organizations.** The innovative organization has systems in place to conduct customer research, track customer satisfaction, and use the information to make improvements. Ideally, the motivation to improve performance is rooted in an organization's own desires to do a better job. However, in some instances, it is likely that an agency's motivation to respond more directly to the preferences of people being served will derive from outside pressure.
- **Advocates for neighborhood results.** The well-being of neighborhood residents is a core commitment of these organizations. They recognize that when the neighborhood thrives, they thrive. They recognize that a main avenue for achieving results is to be attuned to residents' expressed needs and priorities.

Possible Organizational Strategies

Once engaged in assessing customers' views and particularly when the benefits of this approach are experienced, organizations are likely to take one or more of the following steps to have customer satisfaction become an ever more central part of organizational culture:

- **A 100 percent customer satisfaction mission.** Organizations committed to customer satisfaction revise their focus and mission to emphasize customer satisfaction and commit to analyzing organizational practice and service delivery against the new mission statement.
- **Staff training, empowerment, and rewards.** To improve staff's attitudes and skills, high-performing organizations provide training and retraining, establish employee incentives, and reward staff for achieving customer service standards. They empower staff with the flexibility and authority to resolve customer complaints and make on-the-spot decisions related to customer satisfaction.
- **Customer feedback and accountability.** Customer feedback allows providers to ascertain directly from customers whether intended changes and improvements are being experienced by families receiving service. Ongoing feedback mechanisms are essential to review service improvements and make sure that customer service strategies adopted by the agency are actually achieving desired impact on families as well as meeting customers' expectations.
- **Incentives and consequences.** Although performance incentives are important in all customer-focused organizations, they are especially important in public and nonprofit agencies where the profit motive is absent. Some rewards and incentives might include awards for managers, divisions or units,

and individual frontline staff; funds for a division to augment their customer satisfaction approaches; and recognition of improvements made through public announcements and other published materials for the public. For example, participating agencies will agree to have regularly published performance reports—shared internally and perhaps competitively across divisions and—submitted to political leaders, parent organizations and funders who care about quality services.

V APPLYING CUSTOMER SATISFACTION IN VULNERABLE NEIGHBORHOODS: THREE ENTRY POINTS

This framework is designed to translate customer satisfaction concepts into action in tough neighborhoods. The goal is to help residents, provider partners and neighborhood networks in a select number of communities reach agreement on seeking consumer reactions for a targeted set of services. Customer feedback about basic satisfaction with availability, accessibility, quality, and affordability will become a vehicle to improve those services.

The Framework identifies three potential entry points and will explore each. Regardless of the initial approach, however, installing new consumer orientation in targeted neighborhoods may require developmental phases. Neighborhoods that want to focus on customer satisfaction could do so through one or all of these strands or levels of work.

A. Customer Satisfaction or Consumer Report Card

One option uses a community consumer report card as the entry point for leveraging customer satisfaction improvements. A community could measure customer satisfaction across an array of basic services that are believed to impact the quality of life. For example, *child care, nutrition, safety, education, and/or transportation services* could be measured through a series of customer satisfaction surveys and/or other consumer research strategies, as a beginning point. The intent would be to empower residents to become a new, rarely-targeted market base. This type of high-visibility measurement would be used to trigger open discussion about the effectiveness of specific services, as well as about accountability and the appropriateness of consumer voice in shaping the services that residents in vulnerable communities depend upon and need.

Like the highly regarded *Consumer Reports* that disseminate feedback from product testers and customers, the community report card would help residents become informed consumers within the marketplace of neighborhood services. For example, the New York City Public Advocate recently announced an initiative to evaluate the quality of City services. Dozens of local civic leaders were convened who identified housing, traffic congestion, school safety, illegal drugs and police-community relations as areas that need most improvement. The Baruch School of Public Affairs plans to formulate a citizen satisfaction survey to help identify areas and strategies for improvement.

The process and content of neighborhood customer feedback would serve as a tool for empowering residents to become an influential market force. It also may help businesses, public agencies and community organizations recognize the importance and potential of customer satisfaction. In this way, consumer reports can engage

neighborhood service providers in dialogue and ultimately in efforts to boost resident satisfaction and service quality.

High-profile customer satisfaction measurement also aims to level the playing field between consumers and business or other service providers as market forces. This strategy seeks to ensure that “captured” markets of consumers in vulnerable communities are not hostage to their current circumstances simply because they do not have the luxury of choice or competition that drive other market economies. The simple installation of a highly visible and well-publicized report card on customer satisfaction is designed to show that the views of residents and families in tough neighborhoods can “count.”

B. Customer Satisfaction Approach within the Public Service Sector

A second starting point focuses on addressing resident concerns about a government agency or community service monopoly. The approach envisioned is to use customer satisfaction approaches systematically and in partnership with service providers to re-orient public services and over time to improve their responsiveness, accessibility, and customer service quality. To force or facilitate change, neighborhoods that take on this work will likely need to establish new partnerships and a set of strategies that target persistently poor services and providers.

Applying customer satisfaction practices within public agencies involves a systematic focus on the skills, attitudes, and supports of the staff of those agencies. Research notes that customer satisfaction ultimately comes down to staff and customer perception of staff and the service they offer. In the public sector where workforce morale is often low and turnover is high, efforts to strengthen staff are difficult but critical.

Public agencies that have successfully used customer satisfaction methodologies provide useful examples of strategies that work. For instance, the U.S. Employment Training Administration (ETA) retained Yankelovich Partners, a consulting firm, to determine what customers of the employment service thought about the agency. A series of meetings was organized in which groups of customers—blue collar, white collar, and small business owners who use the service—talked candidly about their recent experiences with ETA. The feedback stunned civil servants. They couldn’t believe how angry their customers were about their treatment at the unemployment offices. A customer declared, “I hate this place and if you gave me a chance, the first thing I would do is privatize it!” Another complained that government workers “talked down to him and they acted as if they know better. I want to be treated as a customer.” The experience of listening firsthand to their customers changed the managers’ views of their own services. Subsequently, these managers required some of the other agency employees to view a videotape of the experience¹³

The United States Postal Service put customer satisfaction strategies into action by establishing a Consumer Affairs Tracking System and a Call Management Initiative with a single 1-800 number available 24 hours a day. Further, the Postal Service used focus groups of customers and employees, as well as feedback from customer satisfaction surveys, to develop a process for resolving customer complaints.

While these and other examples provide some suggestions for action, using customer satisfaction strategies to alter public service systems will be challenging work. Agency leadership will be a critical force for raising the visibility, commitment and impact of the effort.

C. A Resident-Driven Customer Satisfaction Campaign

A third entry point is development of an ongoing customer satisfaction campaign led by informed residents/consumers. This route to change would utilize residents acting through community entities as the drivers for customer satisfaction improvements. It is envisioned that interested community partners would establish a long range and sustained approach to gauging consumer satisfaction and to taking action on the basis of information obtained from consumers.

Underlying this strategy is a vision of all the components of the suggested framework coming into play over time. That is, leaders in a community would seek to empower a growing body of informed consumers. They would strive to have an ever-increasing number of businesses, agencies, and organizational partners build systems for assessing customer views and responding to the information. An entity or entities within the neighborhood would take responsibility for generating the tools, products, communication vehicles, incentives, and consequences that are necessary for such an approach to thrive. In short, this is a starting point for a sustained customer satisfaction approach that is a recognized, permanent resource to the community for the purpose of improving service quality. The various areas of services—themselves consumer markets of a sort—that exist in a neighborhood would use a variety of customer satisfaction tools to continually inform and gain feedback from residents about the strength and weaknesses of local services.

This approach attempts to heighten customer satisfaction standards for multiple providers of service. Thus, it places a premium on getting many partners, advocates and funders committed to customer satisfaction, recognizing the staff and resource costs as well as the culture change required. While more ambitious, this approach can leverage many benefits and by-products. As only one example, a neighborhood-based consumer association or a new type of “neighborhood watch” group could be developed that is committed to improving community-wide service quality and responsiveness based upon consumer responses and feedback. These more permanent associations representing consumers are only likely to emerge when there is a broadly supported commitment to eliciting consumer voices, paying attention to them, and taking action as a result.

VI

CUSTOMER SATISFACTION TOOLS AND STRATEGIES

Regardless of which starting point a neighborhood uses, many customer satisfaction tools and strategies can help take the efforts to the next stage. A few strategies for engaging consumers, eliciting their feedback, and responding to their concerns are described briefly below and, where appropriate, examples of their use are indicated.

- **Complaint resolution process** . The process of using complaint resolution is used by organizations to track and analyze customer complaints, ensure prompt response, help them learn from complaints to improve their services, and hold them accountable for doing so. As an example, the Baltimore City Mayor’s Office uses a data-based accountability system called *CitiStat* to monitor the city’s accountability across all its agencies. *CitiStat* collects data on all customer complaints made to the Mayor’s office. During weekly meetings with the Mayor, department heads are given data on complaint calls made about their department’s services. The Mayor’s office retains these data and conducts random calls to a percentage of the citizens who lodged a complaint to determine if the matter was resolved to the citizen’s satisfaction. On these random calls, city officials also inquire about what, if anything, the Mayor’s office could do to further satisfy the issue for the citizen.
- **Customer surveys**. Questionnaires, comment cards, follow-up calls, on-line surveys and other types of polls are the most common method used by franchises and other businesses to assess customer satisfaction performance. For example, survey results used by one company noted that “quality help” received from clerks and managers was deemed the most important aspect of customer satisfaction, and stores that rated high in “quality help” from store employees had correlating higher sales. Based on this information, the company required additional training for employees in “deficient” stores, resulting in improved customer satisfaction and increased sales.¹⁴
- **Customer behavior research**. Organizations use a variety of techniques to understand how and why consumers make choices. For example, a maker of frozen baby food used her personal experience shopping in the frozen food section and enlisted the aid of consumer friends to learn about consumers’ behavior.
- **Testers of service and “Secret Shoppers”**. Organizations use this strategy to test first hand how services are being delivered by employees. The Montgomery County Department of Health and Humans Services (DHHS) Office of Planning, Accountability and Customer Service worked with a number of other Department divisions to develop a Customer

Service plan. DHHS utilized the “secret shoppers,” who visited waiting rooms and observed interactions between workers and customers, to test the way that employees served customers who called in for services.

- **Continuous feedback loop** This performance improvement approach is used to plan, design, measure, assess, and improve a service. As an example, Saint Luke’s Hospital in Kansas City requires employees in all departments to learn its approach during orientation and through follow-up training. The model includes surveys, focus groups, follow-up calls, daily conversations with patients, families and others to determine patient needs and requirements. Customer satisfaction information is continuously gathered and analyzed. Information obtained is fed back into the system for quality improvement efforts.

CONCLUSION

This framework combines a set of ideas about how a customer satisfaction approach might be developed in the public and nonprofit sector and in vulnerable neighborhoods. It builds on a full body of research within the business sector and on strategies implemented by award-winning customer service companies. However, applying these ideas and strategies in the challenging terrain of the public sector and tough neighborhoods requires both deeper thinking and on-the-ground action.

Focusing on customer satisfaction is a fundamental shift for many public organizations, community groups, and neighborhood residents. It compels us to develop new partnerships—with consumer advocacy groups, the business community, and others. It requires a need to delve more deeply into the challenges, nuances, and techniques of customer service principles and strategies in the context of vulnerable neighborhoods and the public sector. And it must go beyond the conceptual by taking action to explore and test the approach.

This customer satisfaction framework envisions the eventual development of an initiative or a number of pilots that are co-designed with an identified local consumer group, public agencies, and neighborhood residents. This group will decide on the strategy or strategies using different customer satisfaction approaches, depending on their needs, goals, situation, preferences, and degree of ambition. The consumer neighborhood group may want to phase-in one or more of these approaches. This process will have to be hand-tailored in each site to resident interest and priorities.

If the logic of this framework holds up, this work could yield a number of positive results.

- It could establish a new and evolving infrastructure for quality service improvement in tough neighborhoods.
- Implementing customer satisfaction elements in vulnerable neighborhoods could go a long way toward reshaping the way service providers think about their customer base.
- It could establish an ongoing constituency and consumer base that is informed and poised to take action, especially with efforts to educate consumers about market influences and how they can use market inspired tools within the public sector.
- Finally, the approach could elevate the public debate about how to improve services and supports using non-traditional motivators and consequences. Ideally, this work aims to increase the number of providers who adopt an interest in and commitment to improving services and view these strategies as a way to achieve them.

The real test of these possibilities lies with providers of goods and services that incorporate efforts to empower their employees, create customer-oriented cultures, adopt customer-driven missions, and change the service environments to enhance the consumer's experience. While it may take time to muster this level of influence—either through willing accountability or through shaming providers—at a minimum these efforts should be measured by the framework's ability to empower consumers through heightened awareness and expectations about services offered to them. The greatest return on this investment will be measured by the ability of residents, constituents, and consumers, to influence change, take action and produce measurable results that improve access, quality and impact of services and supports in their lives and their communities.

ENDNOTES

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Center
for the
Study
of
Social
Policy

1575 Eye Street, NW
Suite 500
Washington, DC 20005

Tel 202.371.1565
Fax 202.371.1472

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